

# Promoting container trade growth in the Middle East through infrastructure transformation

12th Trans Middle East  
Jeddah 2016



Jeddah, 25 October 2016





# Today's Agenda

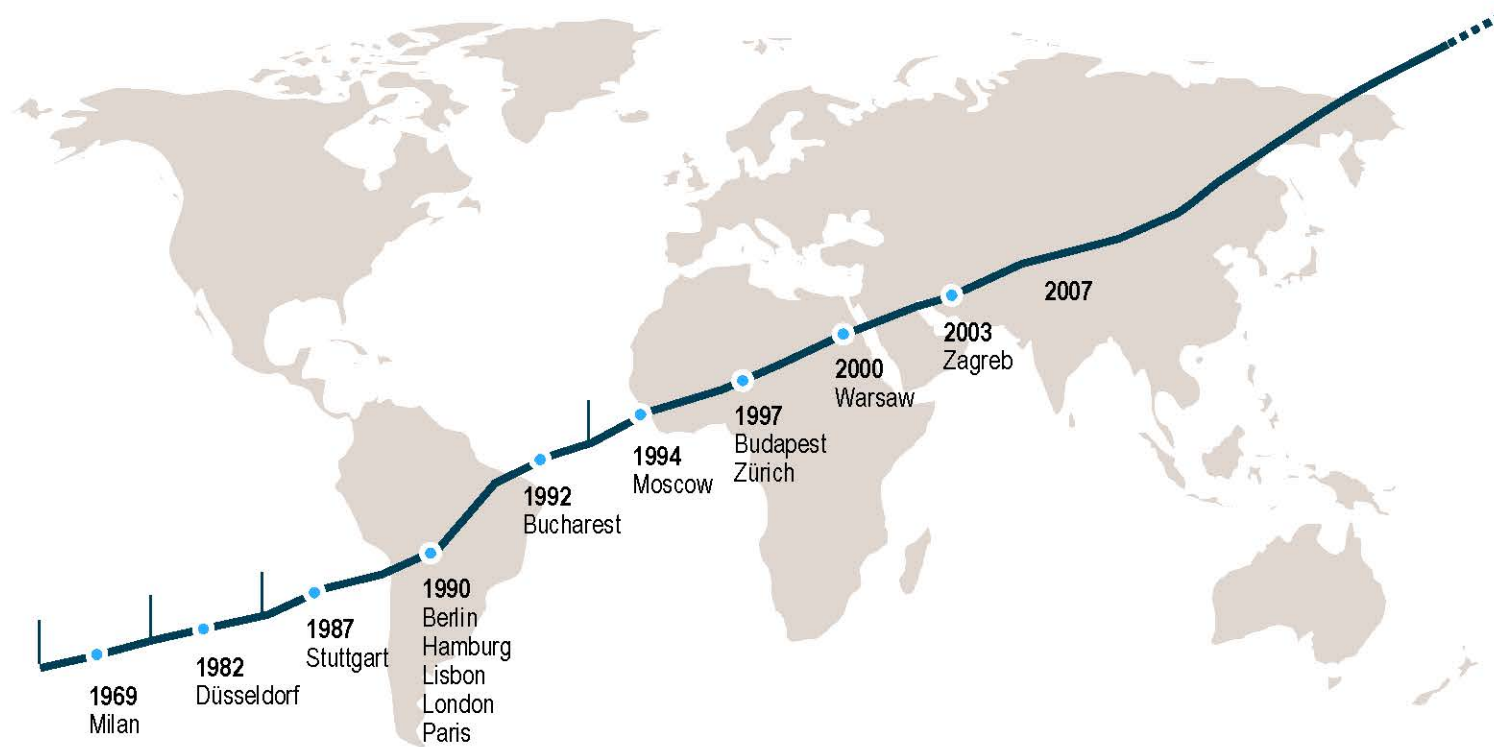
Intro to Roland Berger

Global maritime trends

Maritime and port trends in the region

Regional infrastructure transformation

Implications for KSA





# We have deep experience and expertise in supporting ports and maritime sector development around the world

## Selected Roland Berger clients in ports and shipping



### Ports



### Shipping Lines



We are proud to be a **top 5 player in the global strategy market**

We have **deep global port planning and development experience**

We have a **Global Ports Practice**



# Roland Berger offers an integrated approach and specialized services for ports all over the world

## Our service offerings

### 1. Port policy & regulation



- > Malaysia
- > Pakistan
- > Tunisia
- > Ukraine
- > Hungary
- > Thailand
- > Indonesia
- > Myanmar
- > Morocco
- > Iran

### 2. Port planning & development



- > Iran
- > Malaysia
- > Indonesia
- > Pakistan
- > Bahrain
- > Netherlands
- > Maldives
- > China
- > Taiwan
- > Vietnam
- > Thailand
- > Saudi Arabia
- > Russia
- > Ukraine
- > Morocco

### 3. Port business



- > Malaysia
- > Indonesia
- > Pakistan
- > Maldives
- > China
- > Netherlands
- > Singapore
- > Japan
- > Cambodia
- > Vietnam
- > Thailand
- > South Korea
- > Germany
- > Belgium

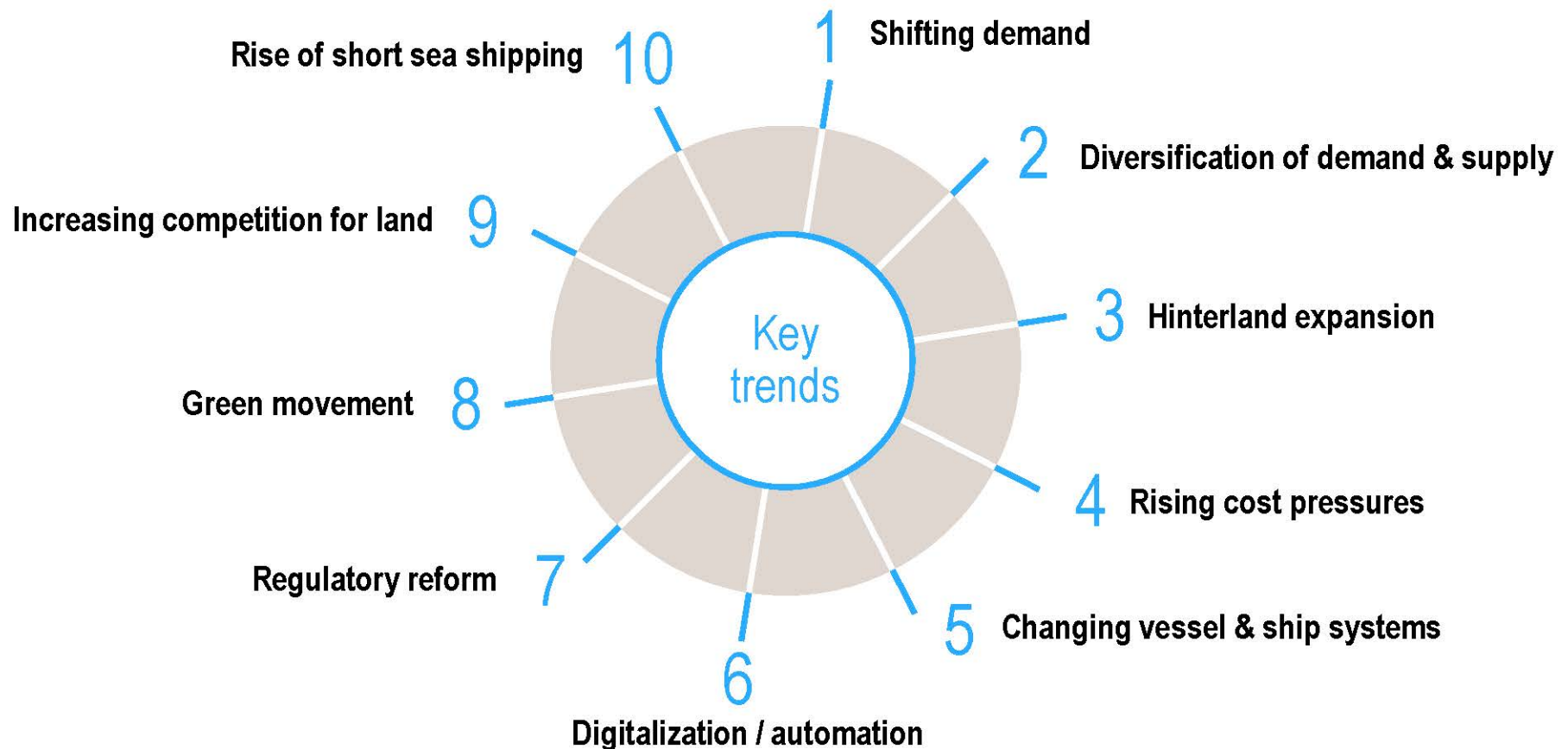
### 4. Port operations



- > Malaysia
- > Indonesia
- > China
- > France
- > Russia
- > Ukraine
- > Estonia

# The growing demand puts continuous pressure on ports – including in the Persian Gulf – to adapt to changing market conditions

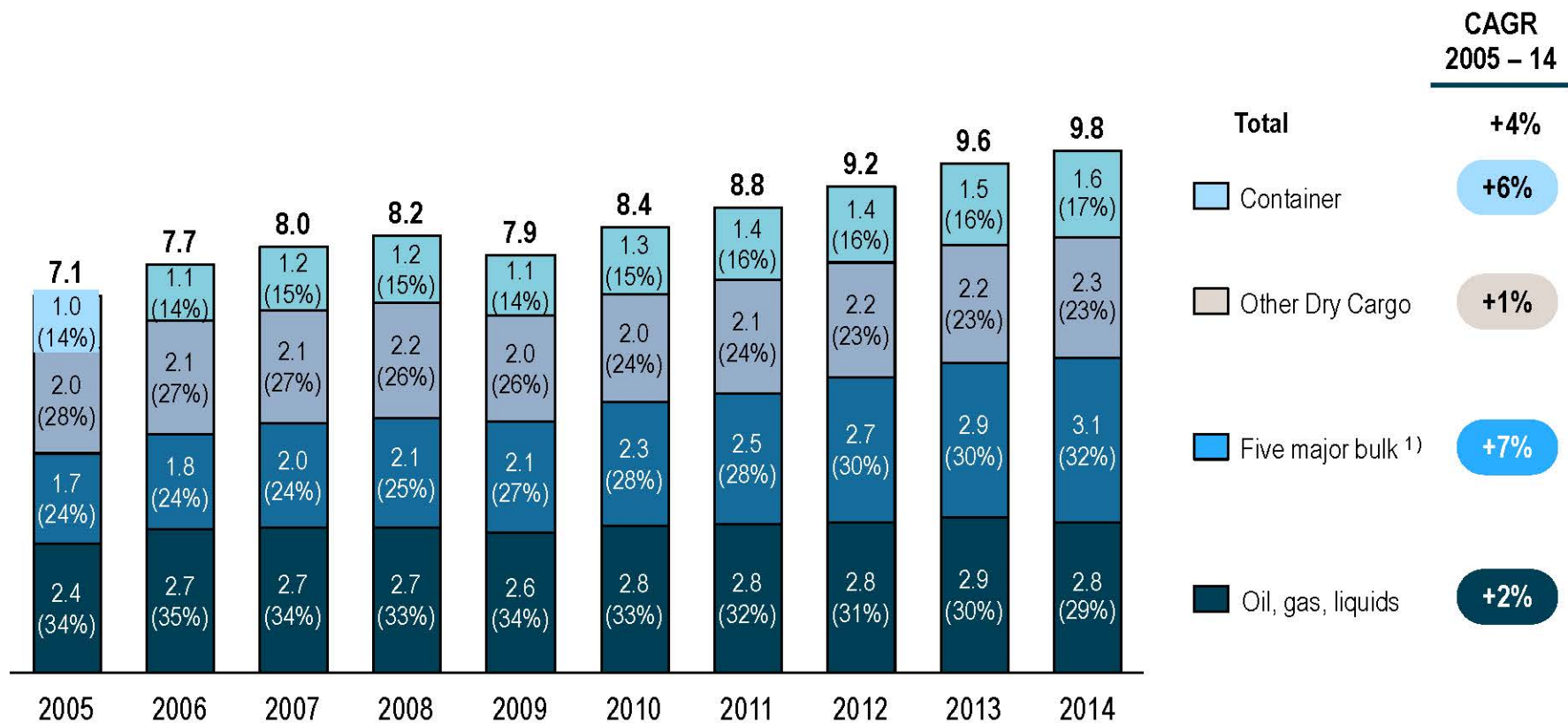
Ten global mega trends & challenges in ports





In tonnage terms, global maritime trade has grown by about 4% per year during 2005 – 2014 – well below the long term average

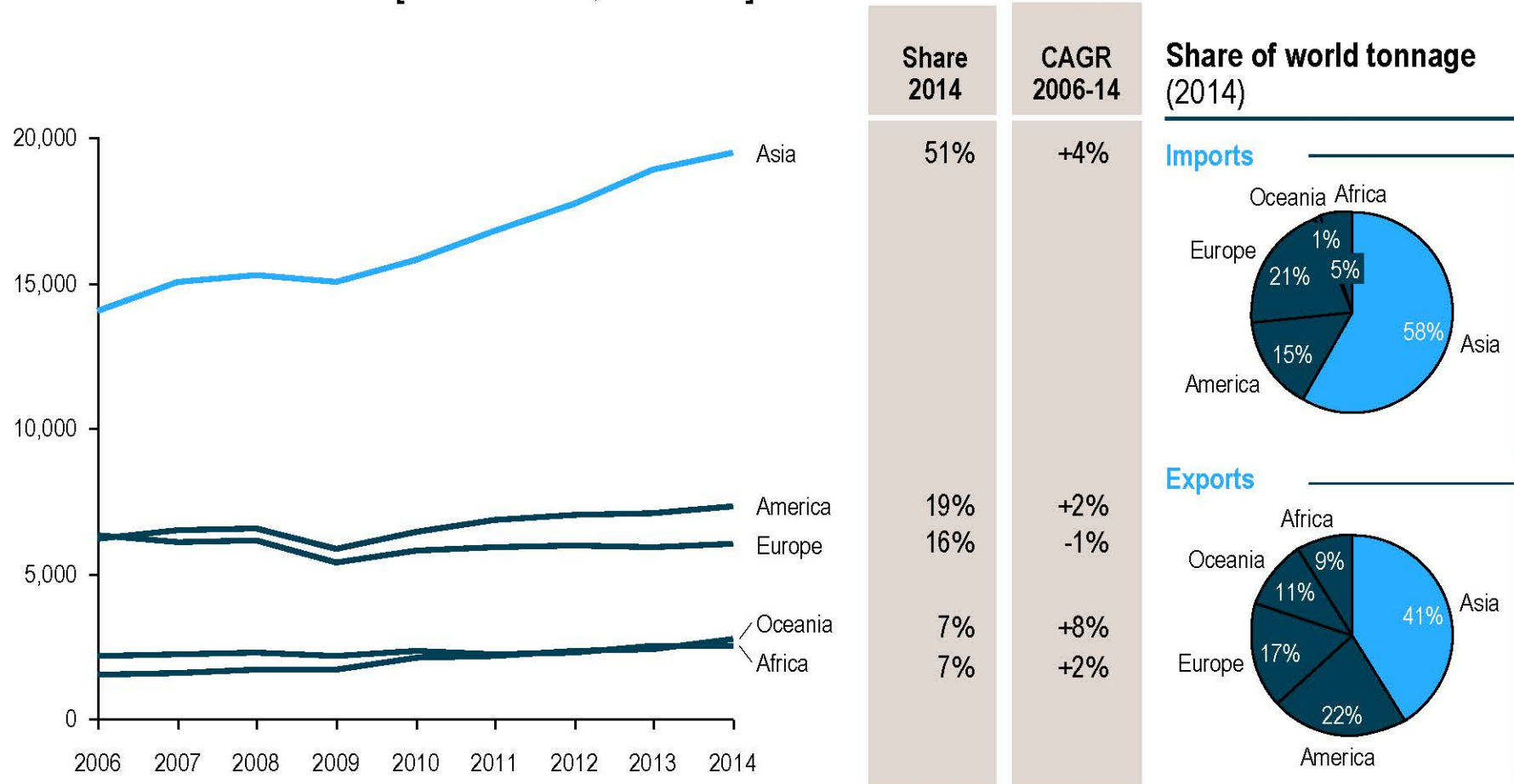
International seaborne trade [bn tonnes loaded]



1) Iron ore, coal, grains, bauxite & alumina, phosphate rock

# Asia is the dominant region in the global maritime trade

Global maritime trade [2006-2014, mln MT]

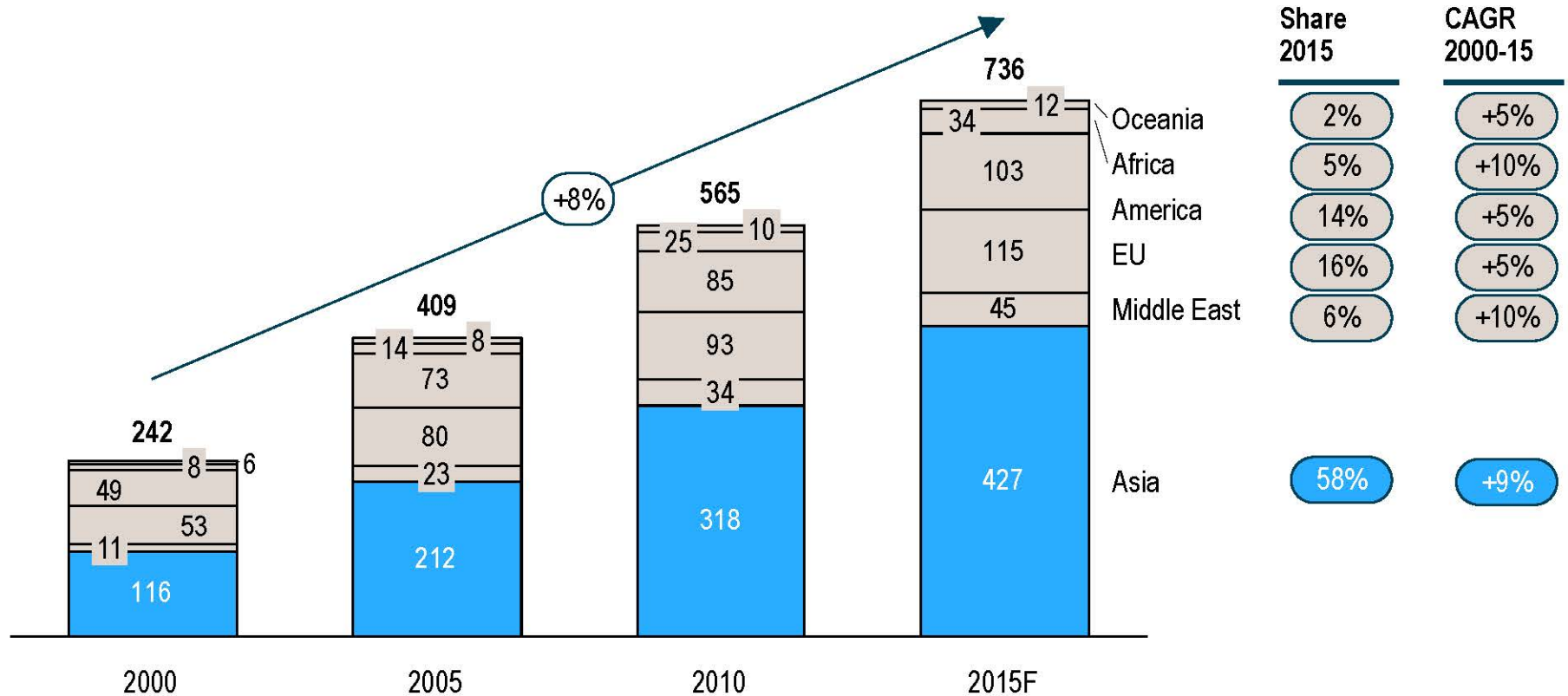






# Asia dominates in particular in the container segments, with 58% of all containers moving through Asian ports

Global containerized trade [2000-2015, TEUm]

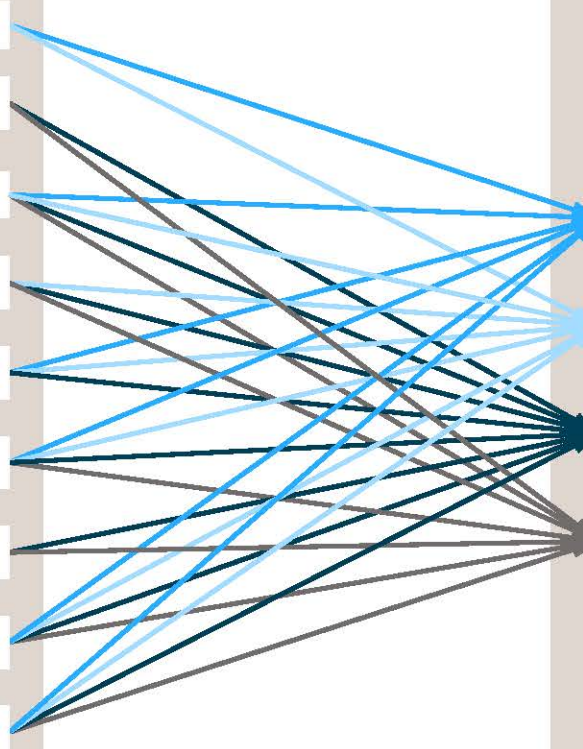
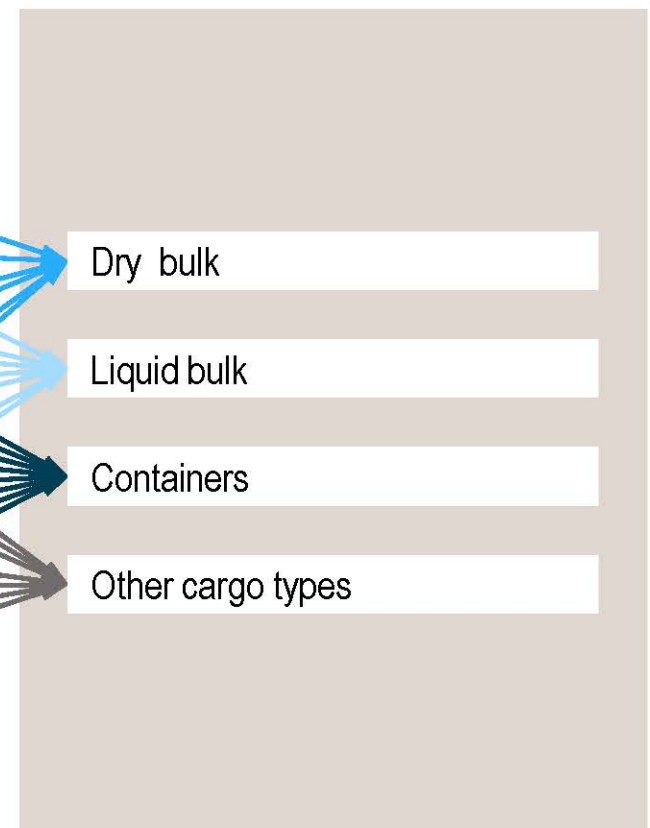


Demand for port handling capacities is continuously evolving everywhere, driven by global, regional and local economic trends

## Port demand drivers



## Port handling capacities

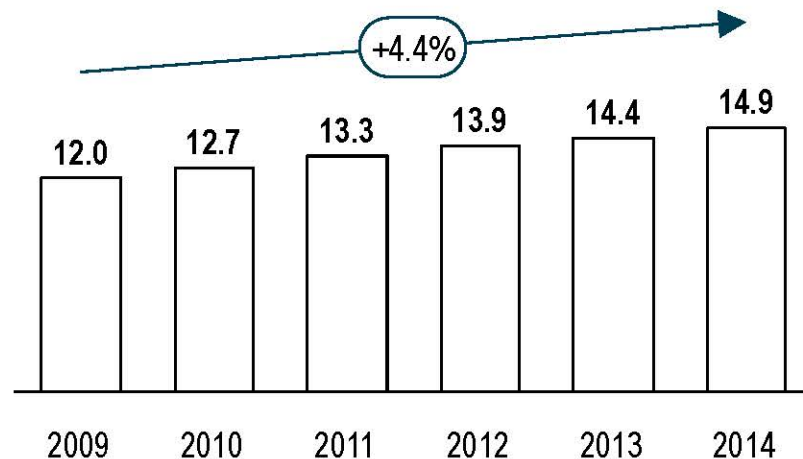




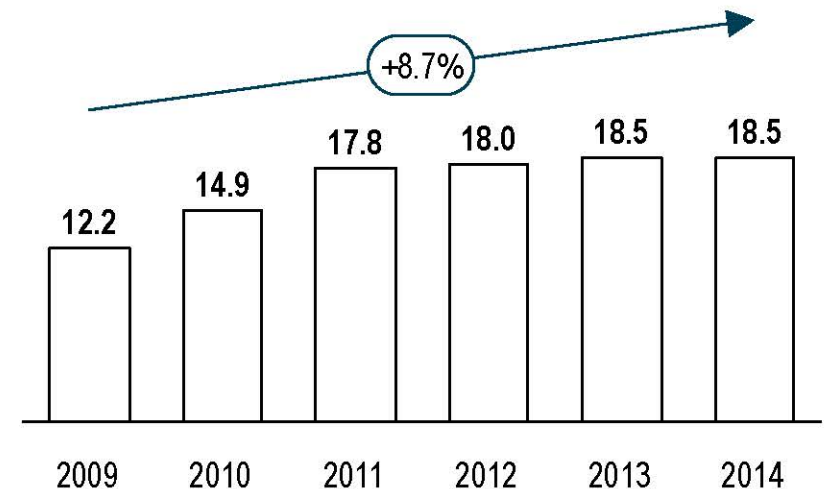
# Global trade continues to grow, thus pushing demand for growth in port and shipping capacities and performance

Growth figures – income and trade

**Global Gross National Income per capita**  
[Current, USD '000]



**Global trade – Value of goods exports**  
[Real, USD tn]

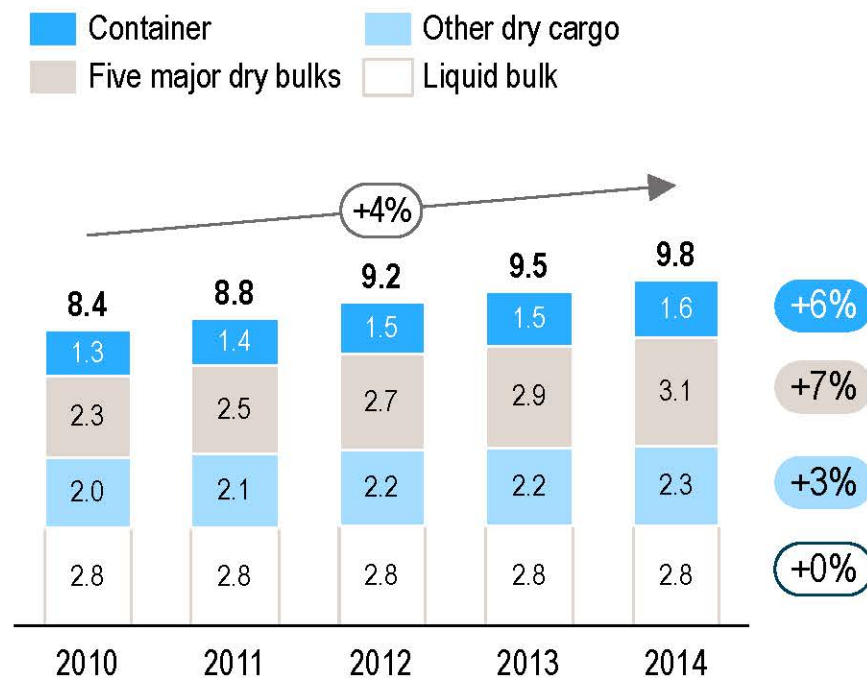




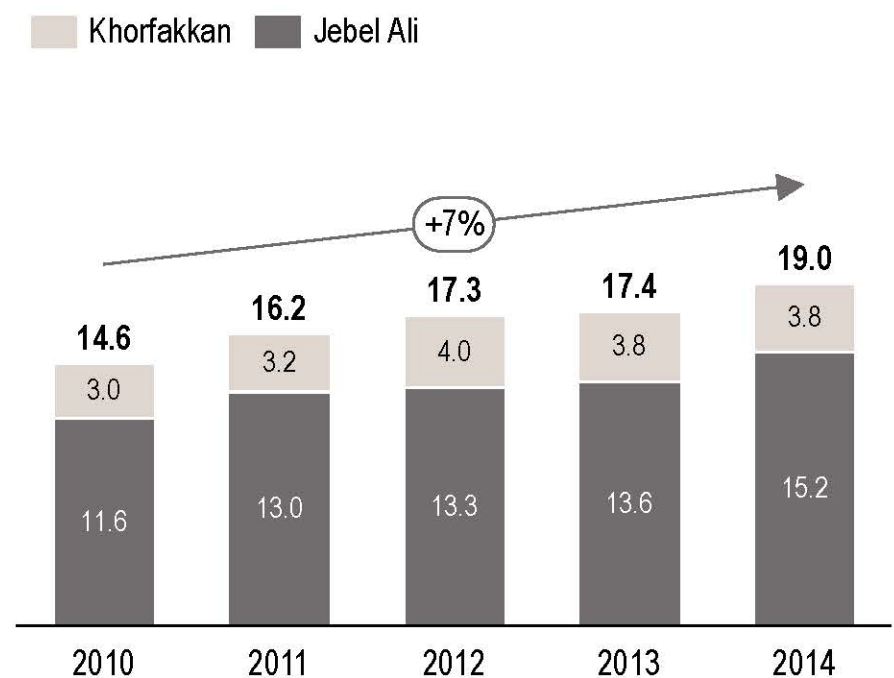
# Growth in the container trade in the Gulf region has still been growing above the global average during the past few years

## Overview of trade

### Global seaborne trade [MT bn]

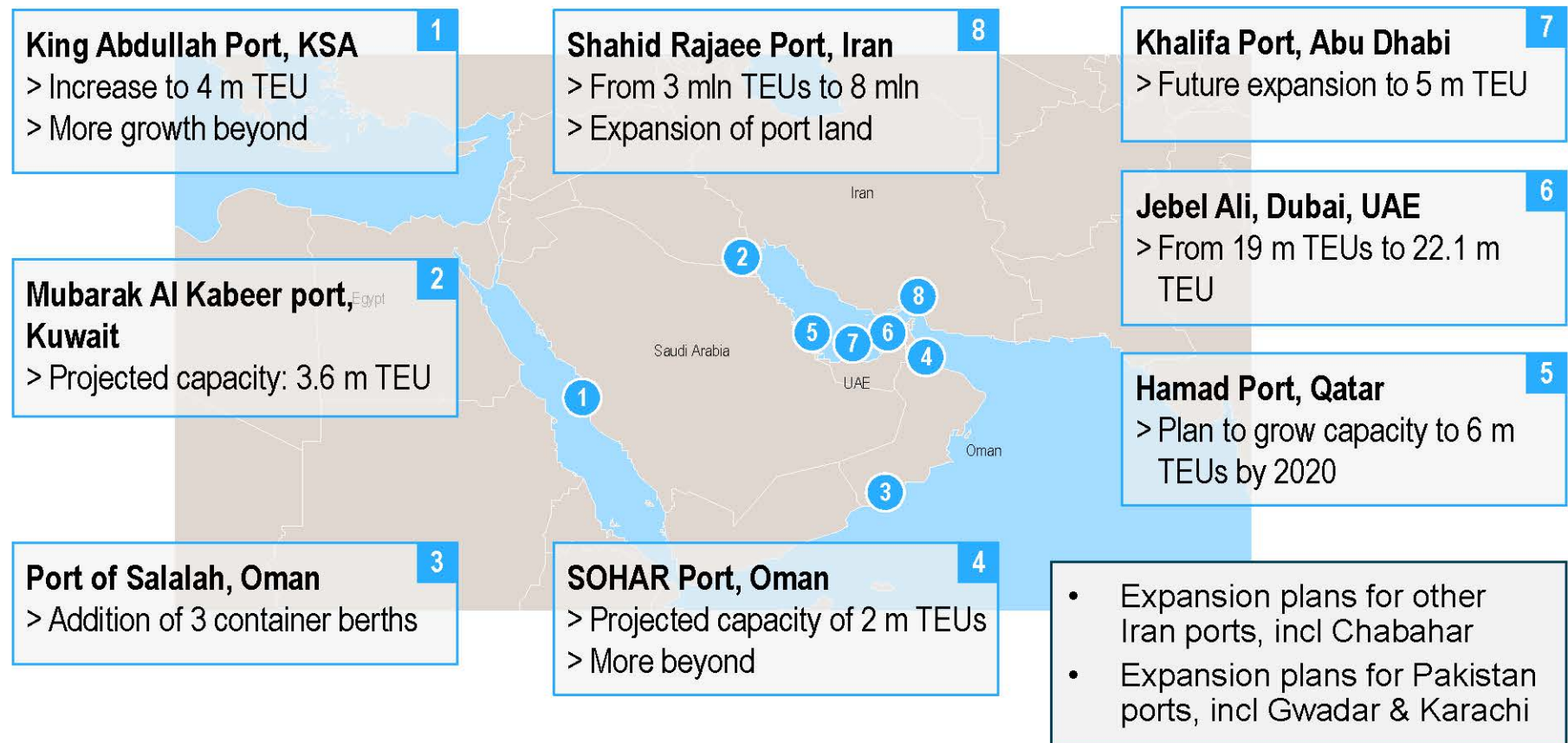


### Two top container ports in Persian Gulf [m TEU]



# Almost all countries around the Gulf intend or are planning to expand their container handling capacity aggressively

## Overview of key ports' future expansion plans in the region








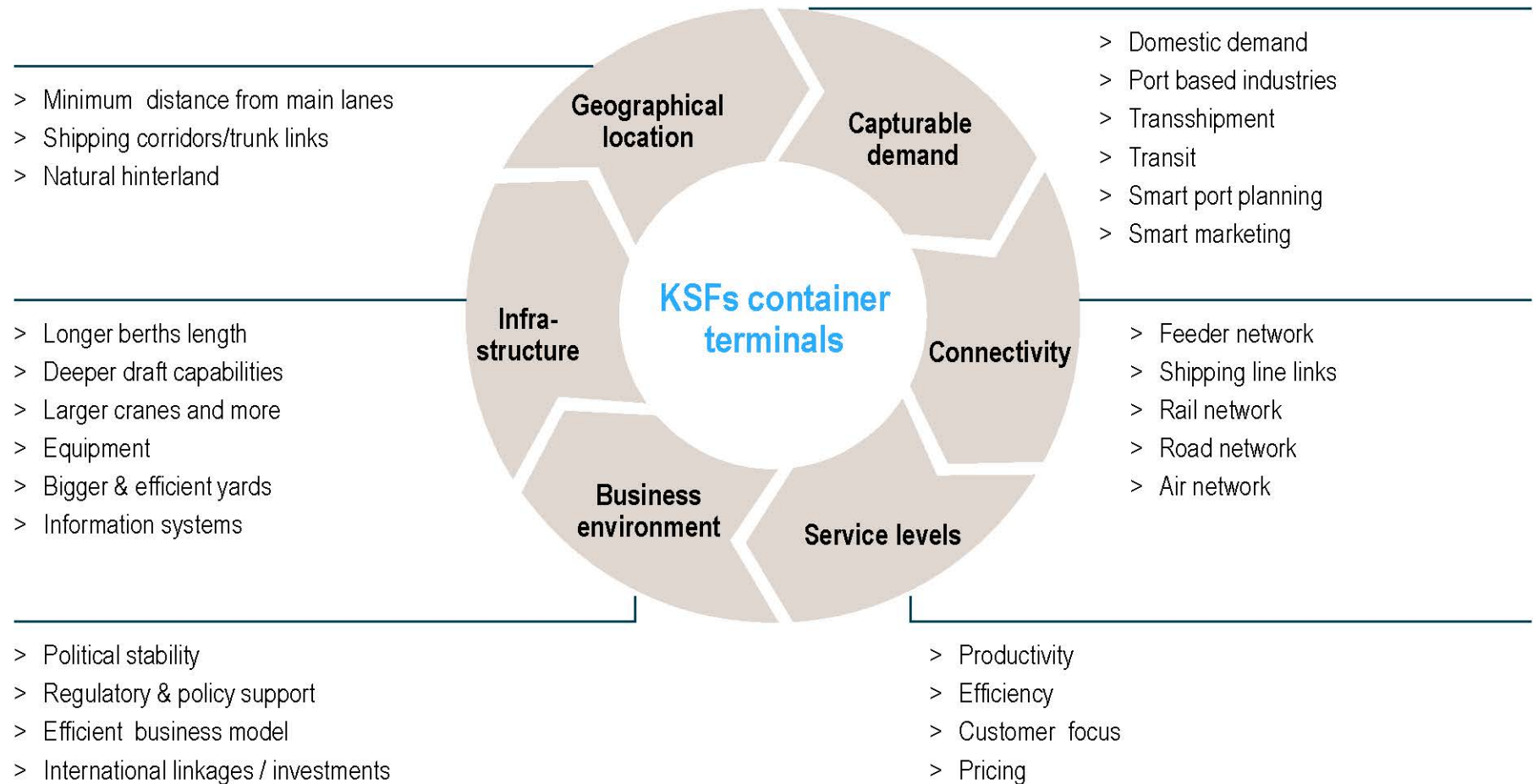
Shahid Rajaei Port (SRP) is the second largest of Iran's seaports and a main international gateway for the country

Overview of main ports of Iran

>

Siri Island		8
	3.0	
	0.0	
	98% L, 0% C, 2% G	

# Clearly, competition amongst container terminals in the Gulf will intensify sharply in the coming 5 years – A race to the bottom



# Rapid expansion of transport infrastructure – including rail – throughout the region means hinterland expansion for some ports

Sample of regional and international infrastructure initiatives

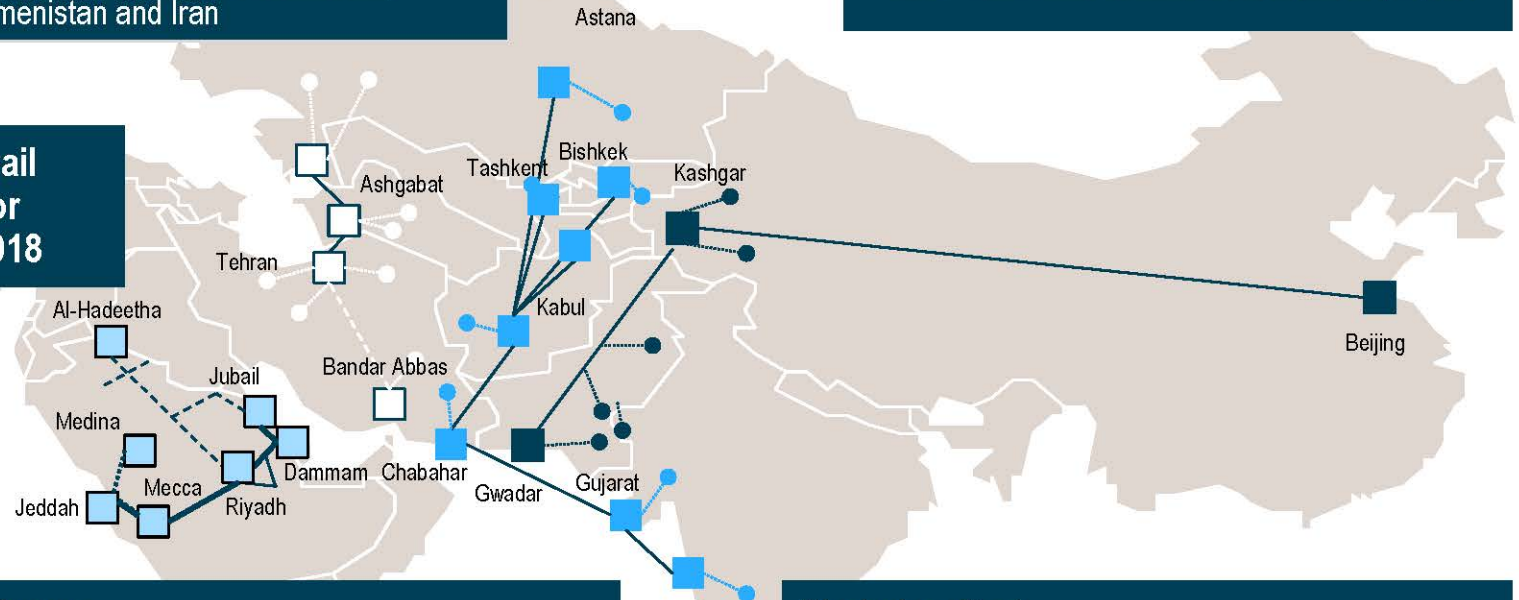
## Iran – Kazakhstan Railway

> USD 1.4 bn project completed in 2014 connecting Kazakhstan, Turkmenistan and Iran

## China Pakistan Economic Corridor

> USD 46 bn infrastructure development project

## GCC integrated rail network aimed for completion by 2018



## Saudi Arabia Railways

> 3 railways at USD 20+ bn : Dammam to Jeddah cargo HSR, Mecca to Medina, Riyadh to Al Hadeetha

## Chabahar Port

> USD 500 m investment from India to develop Chabahar port and a 500 km rail link



# In KSA, several key projects will change the dynamics of its hinterland connectivity and its import and export port capacities

## Key transport projects

### Landbridge rail

- > First direct rail link between the Red Sea and the Gulf
- > Connecting Jeddah – Riyadh – Damman - Jubail
- > Passenger and cargo transport in both directions

### Haramain High Speed Rail


- > Linking Mecca – Medina – Jeddah - KAEC
- > High speed
- > Pilgrims, regular travelers
- > Boost tourism

### North-South railway line

- > Currently largest rail project in the world, 2400 km
- > Export facilities for phosphate and bauxite mines in the north

### King Abdullah port expansion

- > Expansion of container capacity
- > Expansion of Ro-Ro capacity
- > Expansion of dry and liquid bulk capacities

- 
- Should or could lead to accelerated growth of Jeddah port
  - Should or could effect the competitive position of some of the Gulf ports
  - Actual economic impact (for Jeddah port) will also depend on many other internal and external factors



# The new rail infra dev'ts will have significant economic impacts. But the impact on container transport patterns may well be limited

Transport – Infra development	Possible impacts	Complications
1 GCC railway network	> Additional transport mode for regional transshipment	> For containers, rail needs to compete with shipping, trucking, possibly Ro-Ro
2 Trans KSA rail development	> Reduction in regional transshipment in the Gulf	> Many additional policies would be needed to create this change
3 Growing container capacity in Gulf	> Race to the bottom; few winners only	> Many plans might still be shelved > New Ro-Ro and coastal shipping policies might cause stronger decline
4 Red sea port expansion	> Jeddah may become a major (relay) transshipment point	> Salalah might respond > More peace might not help
5 Indian ocean port expansion	> Decline in relay transshipment in Gulf	> Depends strongly on oil price > Piracy must remain under control
6 Improving access to CIS	> Iran and Pakistan ports benefits > Maritime trade in Gulf also benefit	> Silk route infra developments may undermine these trends > Peace matters



# Your Roland Berger contact

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